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March Marks Moderate Growth

Economic growth in the nation and the state slowed in March.

The slowing in the national economy was apparent in rates of increase smaller than in recent months in industrial production, personal income and nonagricultural employment and in declines in the levels of retail sales, housing starts and new orders for non-defense durable goods.

The moderation in economic growth was evidenced in the state in March by less than seasonal increases in total employment, total factory payrolls, steel and coal production and the value of contract construction awards.

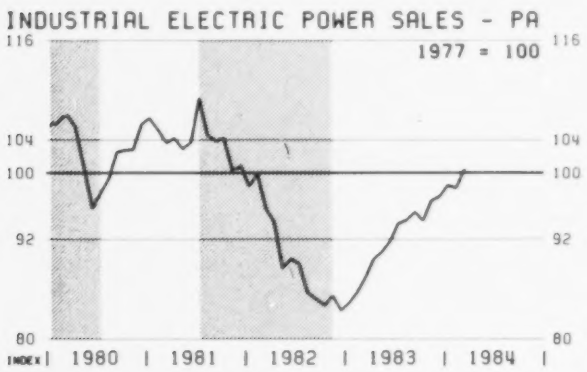
The nation's economy expanded a surprising 8.3 percent in the January-March quarter, but more than half of the first-quarter growth resulted from an accumulation of business inventories as production outpaced final sales.

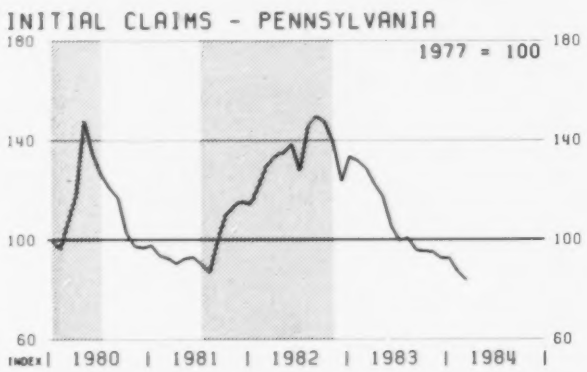
Inflation-adjusted gross national product is expected to slow sharply in the current quarter. March's slowdown in industrial output and decline in non-defense capital goods are a response to the slowing in sales and will result in less inventory accumulation in the April-June quarter.

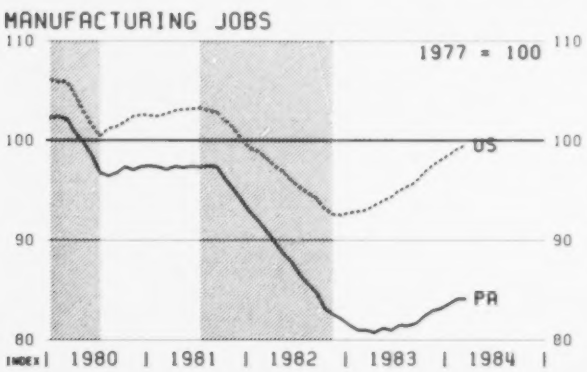
Economic indicators suggested a transition to a more moderate rate of growth in the state also. The Pennsylvania composite index of leading indicators fell 0.4 percent after an astounding 1.2 percent rise in February. March's decline was only the second in 13 months.

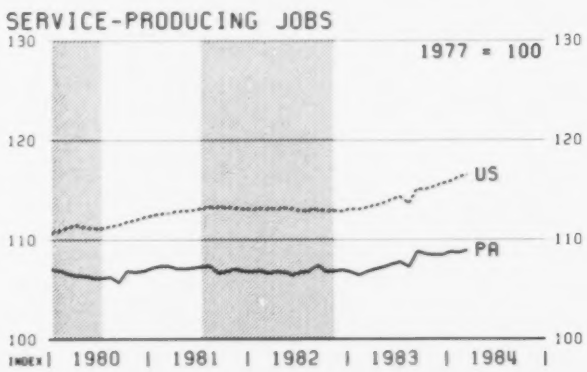
The companion index of coincidental indicators for the state also fell in March for the second time in 13 months. The 0.2 percent drop followed no change in this index in February.

The slowdown in the economic recovery was particularly evident in state employment data. Total employment from the survey of residents dropped for the second consecutive month after seasonal adjustment, and the seasonally adjusted level of employment in all nonfarm industries from the survey of establishments was unchanged in March. Nationally, both of these measures were above pre-recession levels while in the state they remained 3 to 5 percent below pre-recession peaks.





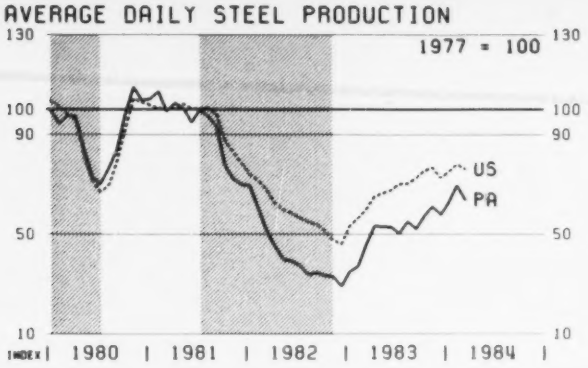




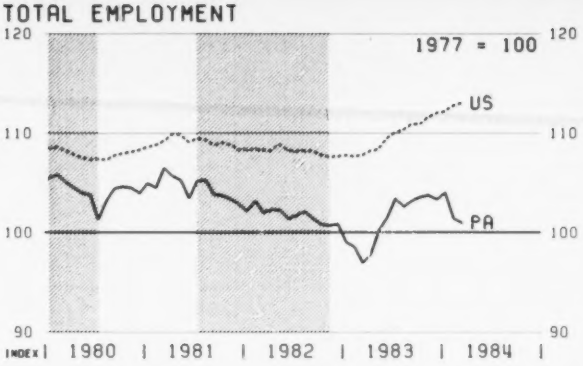
PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1984**

AVERAGE DAILY STEEL PRODUCTION



TOTAL EMPLOYMENT



Less than seasonal increases took place in retail trade, construction and mining industries while wholesale trade, transportation, public utilities, finance and other service industries continued to gain jobs at a modest pace. The seasonally adjusted number of factory jobs remained the same from February to March as a slightly greater than seasonal increase in durable goods manufacturing employment was offset by a less than seasonal increase in nondurable goods manufacturing employment.

Employment in durable goods manufacturing industries has been inching up since the first quarter of 1983 but may be set back somewhat in the next few months as

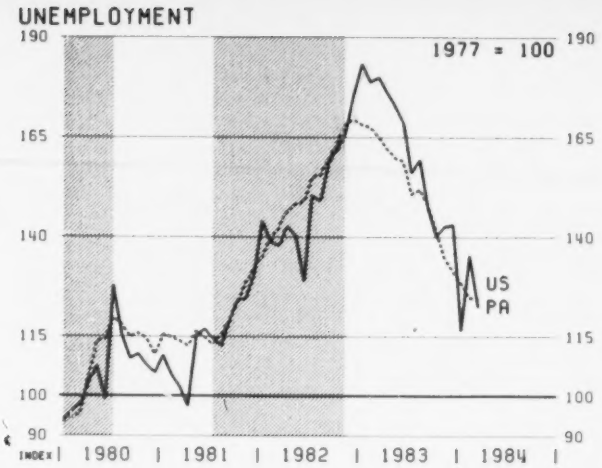
Economic Activity in Pennsylvania	1984 Feb.	1984 Mar.	1983 Mar.	Seasonally Adjusted Indexes (1977 = 100) 1984 Feb.	1984 Mar.	1983 Mar.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,514.*	4,546.	4,436.	100.7	100.7	98.3
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,394.*	3,420.	3,355.	107.7*	107.6	105.6
Manufacturing						
No. of wage and salaried jobs (thous.)	1,113.*	1,119.	1,077.	84.1	84.1	81.0
Ave. wkly. hrs. worked by prod. workers	40.1*	40.1	38.9	102.4*	101.2	98.2
Total wkly. person-hours worked (mils.)	30.8*	30.9	28.2	82.1*	81.2	73.9
Total wkly. payroll (mil. dols.)	286.3*	287.6	248.6	130.0*	128.9	111.4
Steel production (thous. tons)	1,493.	1,619.	1,172.	70.	64.	46.
Industrial electric power sales (mil. kwh)	3,762.	3,771.	3,306.	98.	100.	87.
Mining						
Anthracite coal (thous. net tons)	402.	409.	333.	95.	73.	59.
Bituminous coal (thous. net tons)	6,149.	n.a.	4,395.#	91.	n.a.	68.#
Construction contracts awarded (mil. dols.)						
Total	294.0	461.3	336.6*	168.	134.	95.*
Residential building	108.3	210.4	146.1*	173.	169.	117.*
Other building	113.4	150.7	111.6*	190.	106.	73.*
Nonbuilding (utilities and public works)	72.3	100.3	78.9*	124.	109.	87.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,758.	4,772.	4,582.	101.4	100.9	97.0
Unemployed						
No. of persons (thous.)	586.	506.	738.	135.3	122.5	180.0
Rate (percentage of labor force)	11.0	9.6	13.9			
Rate, seasonally adjusted	9.8	8.9	13.2			
Civilian labor force, no. of persons (thous.)	5,344.	5,278.	5,320.	104.0	102.6	103.3
Initial claims for unemployment benefits	112,169.	100,483.	160,664.	87.2	83.8	128.6

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Feb.	1984 Mar.	1983 Mar.	Percentage Change Month Ago	Year Ago
U.S. city average	306.6	307.3	293.4	+0.2	+4.7
Philadelphia	296.4	296.7	283.0	+0.1	+4.8
Pittsburgh	315.5	n.a.	304.8#	n.a.	+3.5
Northeast PA	n.a.	293.0	278.9	n.a.	+5.1

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised # = figure for Feb. 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
August	101.7	87.6	0.0	−0.5
September	102.5	88.0	+0.8	+0.5
October	102.4	88.9	−0.1	+1.0
November	102.7	89.5	+0.3	+0.7
December	103.1	89.6	+0.4	+0.1
January	103.1	89.7	0.0	+0.1
February	104.3	89.7	+1.2	0.0
March	103.9	89.5	−0.4	−0.2



the planned closures of U.S. Steel plants are begun. However, at least two-thirds of the workers affected by the elimination of these plants have already been laid off. Therefore, most of the damage from the shutdown of these plants has already been done, and things are not expected to get that much worse.

The same holds true for coal production and the level of sales of electricity to industrial users — two indicators of economic activity greatly affected by fluctuations in steel production. Mining and public utilities have already realized the majority of their losses from the contraction in the steel industry and therefore the closings of the U.S. Steel plants should have minimal additional effect. However, with the permanent loss of a major customer, it will be difficult for these industries to recapture previous levels of production and sales.

There was a 1.4 percent increase in the average daily production of steel in Pennsylvania in March, but a more than 10 percent increase in production was expected so the seasonally adjusted index for this measure declined 8.2 percent. A less than seasonal increase in total national steel production also took place in March. Nevertheless, the state's share of total national production dropped back to 17.9 percent from 18.3 percent a month earlier.

Despite the disappointing increase in steel production, the seasonally adjusted level of sales of electricity to industrial users rose 2.3 percent in March, which brought it to the average level prevailing in 1977. Industrial electric power sales in the state have not been so high since the end of 1981.

New claims for unemployment compensation also posted significant improvement in March. The seasonally adjusted level of initial claims fell 3.9 percent and was at its lowest level since October 1978.

Other indicators of the state's economy were either unchanged or rose less than seasonally expected in March. The average length of the factory workweek did not change, but since a slight increase usually occurs at this time of year, the seasonally adjusted index for this measure declined. Nevertheless, the index remains at a level higher than at any time from mid-1979 to the end of last year.

The lack of growth in employment and the decline in the seasonally adjusted average workweek brought about a drop in the seasonally adjusted level of factory payrolls. The 1.1 percent decline in March was only the second in 13 months. After adjusting for inflation, the decline was an even greater 1.5 percent.

The value of construction contracts awarded in March was higher than the month earlier for residential and nonresidential buildings, as well as for utilities and public works. However, the increases were all less than the usual seasonal rise. Therefore, the seasonally adjusted indexes declined that month.

The construction industry in the state remained stronger than a year earlier. The first-quarter value of all awards was 53.2 percent ahead of the first-quarter total a year earlier. The largest over-the-year gain was for nonresidential building contracts; the value of these awards was 63 percent more than the year-earlier figure. Commercial building contracts were closely followed by a 61.3 percent gain in nonbuilding awards. Residential building awards, which were relatively high in 1983, trailed with a 39.9 percent gain.

Norma I. Gavin

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Around the State

Southeastern Quarter

Harrisburg

The Harrisburg area economy continued on its general upward trend in the first quarter of the year, but a slowing in economic growth was clearly evident in the first-quarter indicators for the area.

Employment in all nonfarm industries rose to a new high after seasonal adjustment for the second consecutive quarter. The new peak level of jobs came from a 1.4 percent increase in factory jobs and a 0.8 percent job gain in the nonmanufacturing sector.

The commercial building industry in the area was booming, with the value of contract construction awards more than five times their value in the first quarter of 1983. Housing construction also posted a significant 65-percent gain in the value of awards over the year.

However, other indicators for the area show the pace of economic growth moderating. Seasonally adjusted sales of electricity to industrial users were essentially unchanged from a quarter earlier. First-quarter's performance followed three consecutive quarters of increases in 1983, during which sales rose more than 25 percent from the recession low posted in the first quarter of that year.

Furthermore, the seasonally adjusted level of total resident employment fell 0.7 percent in the January-March quarter. This was the first decline in this measure since the first quarter of 1983.

Nevertheless, the labor market remained strong and there was no evidence of a change in the general direction of the economy. Total employment remained higher than at any time before the third quarter of last year, when it soared to new heights, and the seasonally adjusted unemployment rate fell to the relatively low level of 5.8 percent — the second lowest rate among the metropolitan areas in the state.

Further hiring in the area's factories was suggested by the average length of the factory workweek, which rose to its highest level in four years. Although employment in the manufacturing sector remains below the 1979 average, Harrisburg had one of the smallest percentages of factory jobs left to regain among the state's metropolitan areas.

Lancaster

There was no break last quarter in the marked expansion in the Lancaster area economy, which began in early 1983. The average seasonally adjusted unemployment rate for the area dropped to 4.7 percent — the lowest among the state's metropolitan areas and the lowest in the area in four years.

Industrial electric power sales, an indicator of short-run changes in industrial activity, continued to climb to new heights. First-quarter's 3.1 percent increase in the seasonally adjusted level of sales brought about the fourth consecutive quarter that previous record highs for this measure were broken.

Employment in Lancaster's nonfarm industries also continued to grow in the first quarter. A 1.2 percent increase in the seasonally adjusted level of factory jobs and a 1.5 percent increase in nonmanufacturing jobs were registered in the first quarter. The job level in all nonfarm industries rose 5.2 percent from the year earlier, which is one of the largest percentage gains among the state's metropolitan areas. Only Reading with a 6.3 percent increase ranked higher.

The only economic indicator for Lancaster that was down in the first quarter is the seasonally adjusted level of total resident employment, which declined a slight 0.5 percent. The decline may be signalling a moderation in the rate of growth in the recovery: there is no evidence of a change in the general direction of economic growth.

The average length of the factory workweek, at its highest seasonally adjusted level in four years, continues

Harrisburg Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	220.6	113.	114.	107.
Unemployed, no. of residents	15.1	112.	120.	164.
Civilian labor force, no. of residents	235.7	113.	114.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	223.9	110.	109.	106.
Nonmfg. only, no. of jobs	182.4	111.	110.	108.
Mfg. only, no. of jobs	41.5	105.	104.	97.
Hrs. worked by production workers in mfg., *ave. weekly*	40.9	104.	102.	97.
Industrial electric power sales	***	93.	93.	74.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	26.1	+ 26.	+ 65.
Nonresidential contracts only	36.6	- 20.	+531.

[1]Cumberland, Dauphin, and Perry Counties.

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	173.4	114.	114.	106.
Unemployed, no. of residents	10.4	107.	126.	182.
Civilian labor force, no. of residents	183.8	113.	115.	110.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	154.1	111.	110.	106.
Nonmfg. only, no. of jobs	97.9	119.	117.	113.
Mfg. only, no. of jobs	56.2	100.	99.	96.
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	102.	101.	96.
Industrial electric power sales	***	120.	116.	99.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	26.4	- 20.	+115.
Nonresidential contracts only	8.2	+128.	+ 37.

[1]Lancaster County

to put pressure on factory employers to hire new employees or laid-off workers to increase production.

The area's construction industry continued to gain strength, with the value of awards for commercial buildings 37 percent ahead of the first quarter level a year ago and the value of awards for residential buildings more than double the year-earlier figure.

Philadelphia

The first quarter of this year marked the fourth consecutive quarter of steady improvement in the Philadelphia area economy.

The seasonally adjusted number of factory jobs rose another 0.6 percent, bringing it to 2.2 percent above the recession low reached in the first quarter of 1983. In the nonmanufacturing sector, the seasonally adjusted employment level rose a smaller 0.3 percent, but employment in this sector reached a new all-time high for the seventh quarter in a row. On the other hand, the factory job level remained 13.2 percent below the level prevailing in 1979, before the two most recent recessions.

Total resident employment in Philadelphia dropped 0.5 percent last quarter after seasonal adjustment, indicating a slowing in economic growth. First-quarter's drop, the first in the area in a year, compares to a 1.4 percent drop in the state as a whole.

Other indicators of employment conditions in the area continued to improve. The seasonally adjusted unemployment rate dropped to 6.8 percent in the first quarter from 7.6 percent in the fourth quarter of last year and a recession high of 9.2 percent in the first quarter. In addition, the average length of the factory workweek rose slightly after seasonal adjustment for the fourth consecutive quarter.

Industrial activity, as measured by sales of electricity to industries, continued to rise at a modest pace. First-quarter's 1.9 percent increase in the seasonally adjusted level of sales brought this measure to 7.2 percent above the recession low registered in the third quarter of 1982 but kept it almost 3 percent below the 1979 average.

Finally, the construction industry remained in good shape compared to a year earlier. Despite declines from a quarter earlier in the value of contract construction awards for both commercial and residential buildings, the values of these awards were significantly above the values in the same period a year earlier.

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	2,041.0	110.	110.	104.
Unemployed, no. of residents	161.2	86.	96.	113.
Civilian labor force, no. of residents	2,202.2	108.	109.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	1,934.6	107.	106.	104.
Nonmfg. only, no. of jobs	1,540.9	113.	112.	110.
Mfg. only, no. of jobs	391.2	88.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100.	100.	97.
Industrial electric power sales				
Metropolitan area	***	100.	99.	95.
Chester	***	90.	92.	92.
Philadelphia	***	100.	98.	95.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	183.0	−33.	+53.
Nonresidential contracts only	225.4	− 6.	+82.

[1] Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading

Economic activity was at its highest level ever in the Reading area last quarter. Seasonally adjusted levels of employment in all nonfarm industries and sales of electricity to industrial users both registered new quarterly highs.

Industrial electric power sales, which reflect short-run changes in industrial output, rose a seasonally adjusted 4.5 percent in the first quarter. The rise was the sixth consecutive quarterly rise and brought the level of sales 37.8 percent above the recession low in the third quarter of 1982.

The increase in the job level came from a seasonally adjusted 1.7 percent increase in factory jobs and a 0.3 percent increase in nonmanufacturing jobs.

The Reading and State College areas have experienced the largest percentage increases in factory jobs over the year among the metropolitan areas in the state. Nevertheless, the seasonally adjusted factory job level in Reading remained 4 percent below the 1979 average last quarter.

However, the level of factory jobs may soon reach pre-recession levels. Further increases in factory employment are suggested by a relatively long factory workweek. The seasonally adjusted average length of the factory workweek in the Reading area last quarter was longer than in any other quarter since these data have been collected.

At the same time, Reading's seasonally adjusted job

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	145.9	110.	112.	102.
Unemployed, no. of residents	12.5	120.	137.	206.
Civilian labor force, no. of residents	158.4	110.	113.	108.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	139.0	107.	106.	101.
Nonmfg. only, no. of jobs	86.8	109.	109.	105.
Mfg. only, no. of jobs	52.2	103.	101.	94.
Hrs. worked by production workers in mfg., *ave. weekly*	41.0	106.	105.	98.
Industrial electric power sales	***	130.	124.	99.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.1	−41.	+ 10.
Nonresidential contracts only	8.8	+ 7.	+126.

[1] Berks County

level in its nonmanufacturing sector registered a new quarterly high for the third consecutive quarter.

But the pace of economic expansion in the area may be slowing. This was suggested by a 1.5 percent drop in the seasonally adjusted level of total resident employment. First-quarter's decline in this measure was the first since the January-March quarter of last year. Nevertheless, total employment remains at a historically high level for the area.

The seasonally adjusted unemployment rate was also significantly lower. In the first quarter of this year, it dropped to 6.8 percent from 7.6 percent in the fourth quarter of 1983 and from a recession high of 12 percent in the first quarter of last year.

The value of nonresidential building awards was significantly above the depressed level in the first quarter of 1983 while the value of residential building awards was slightly higher but had fallen back considerably from levels in the latter three quarters of 1983.

York

The manufacturing sector continued to drag down the York area economy last quarter. While the seasonally adjusted factory job level rose 1.7 percent from the fourth quarter of 1983 and 5.6 percent from the first quarter of last year, it remained 12 percent below the 1979 average.

At the same time, employment in the area's nonmanufacturing sector was higher than ever before. The 0.4 percent increase in the seasonally adjusted number of nonmanfacturing jobs in the area brought it to 4.1 percent above the recession low registered in the third quarter of 1982.

Average weekly hours worked by production workers fell 0.5 of an hour in the first quarter, but after seasonal adjustment, it rose 0.4 of an hour to 42 hours — its highest level since the fourth quarter of 1973. Therefore, further increases in factory employment are expected in the coming months.

However, the growth in economic activity is expected to slow in the second quarter. Both the seasonally adjusted levels of total resident employment and industrial electric power sales fell back somewhat in the first quarter from levels in the previous quarter.

Total resident employment dropped a seasonally adjusted 0.7 percent in the January-March quarter. This measure was 4.8 percent above the recession low in the first quarter of 1983 but remained 1.3 percent below the 1979 average.

Industrial electric power sales, a short-run indicator of changes in business activity, declined for the first time since the third quarter of 1982. The seasonally adjusted level of sales fell 1 percent last quarter, which brought it to 16.1 percent above the recession low registered six quarters earlier but kept it 9.7 percent below the 1979 average.

The seasonally adjusted unemployment rate fell to 8.7 percent from 9.8 percent in the fourth quarter of 1983 and a recession high of 13.5 percent in the first quarter of last year.

The declines in the jobless rate were aided by declines in the ranks of those working or actively seeking work. The seasonally adjusted civilian labor force dropped 1.9 percent from the last quarter of 1983 and was 0.7 percent lower than in the first quarter.

The value of contract construction awards declined from the quarter earlier but was ahead of values in the same period a year earlier.

York Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	158.7	110.	111.	105.
Unemployed, no. of residents	17.3	156.	180.	245.
Civilian labor force, no. of residents	176.0	113.	115.	114.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	149.6	107.	106.	103.
Nonmfg. only, no. of jobs	91.7	114.	113.	110.
Mfg. only, no. of jobs	57.5	98.	96.	92.
Hrs. worked by production workers in mfg., *ave. weekly*	41.5	102.	101.	96.
Industrial electric power sales	***	100.	101.	87.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	17.0	– 1.	+ 8.
Nonresidential contracts only	8.9	–20.	+29.

[1]Adams and York Counties

Northeastern Quarter

Lehigh Valley

In the first quarter of 1984, the Lehigh Valley area saw increases in seasonally adjusted job levels for both

Lehigh Valley Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	271.1	102.	102.	96.
Unemployed, no. of residents	28.3	120.	146.	203.
Civilian labor force, no. of residents	300.1	103.	105.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	249.4	99.	98.	96.
Nonmfg. only, no. of jobs	160.3	110.	110.	107.
Mfg. only, no. of jobs	89.0	83.	82.	81.
Hrs. worked by production workers in mfg., *ave. weekly*	38.9	102.	100.	97.
Industrial electric power sales				
Metropolitan area	***	104.	106.	99.
Allentown	***	98.	99.	95.
Bethlehem	***	108.	110.	99.
Easton	***	101.	104.	110.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	12.6	– 7.	+32.
Nonresidential contracts only	18.0	– 1.	+43.

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

manufacturing and nonmanufacturing industries. But while nonmanufacturing jobs registered a new quarterly high for the third quarter in a row, the factory job level remained more than 18 percent below the 1979 average.

Further increases in the area's factory employment are expected. The average length of the factory workweek, which usually turns up before employment levels, rose last quarter for the fourth consecutive quarter. It was at its highest level since record-keeping began in 1972.

However, a slowing in the pace of economic recovery in the area was suggested by slight declines in the seasonally adjusted levels of total resident employment and industrial electric power sales.

Total resident employment fell a seasonally adjusted 0.5 percent from the fourth quarter of 1983 after three consecutive quarterly increases. Declines in the civilian labor force helped bring down the seasonally adjusted jobless rate to 8.2 percent from 9.9 percent in the fourth quarter of 1983 and a recession high of 13.9 percent in the first quarter of last year.

Industrial electric power sales, which indicate short-run changes in business activity, declined throughout the area for the first time since the end of 1982. Sales in Allentown fell 1.1 percent for the quarter but improved during March. Although sales in Bethlehem were 1.5 percent lower than in the fourth quarter of 1983, they were 22.2 percent higher than the recession low recorded during the fourth quarter of 1982. Sales in Easton declined 3.2 percent but remained almost 2 percent above its low in the third quarter of 1983.

The value of construction contracts awarded declined during the quarter from a quarter earlier, but much of the decline was typical for the first of the year. The value of residential awards was 32 percent ahead of the first-quarter value a year earlier while the value of nonresidential awards was 43 percent ahead of last year's value in the January-March quarter.

Northeast

The Northeast metropolitan area inched toward recovery in the first quarter. The seasonally adjusted unemployment rate remained in double digits but fell 0.8 of a percentage point to 10.5 percent.

The seasonally adjusted level of employment in all nonfarm industries rose only 0.2 percent from the fourth quarter of 1983. A strong 2.2 percent rise in the manufacturing sector was offset by a 0.5 percent drop in the nonmanufacturing sector.

Further gains in factory employment are expected in the second quarter. The factory workweek lengthened another 0.5 of an hour after seasonal adjustment. The increase brought this indicator of future employment changes to its highest recorded level for the area.

The seasonally adjusted factory job level was still almost 13 percent below the average level in 1979, the year before the two most recent recessions. The nonmanufacturing job level stood at about the same level as prevailed in 1979.

Industrial electric power sales lost during the recession had been regained by the first quarter. The seasonally adjusted level of sales rose 4.2 percent in Lackawanna County and 6.3 percent in Luzerne County last quarter, bringing total sales in the metropolitan area to their highest level since the third quarter of 1973.

Awards for future commercial building construction lost some steam from their strong showing in the second half of 1983. The value of awards for housing construction also dropped from levels seen last year. However, both residential and nonresidential building contracts were at relatively high levels for the area.

The 1.4 percent drop in the seasonally adjusted level of total resident employment also suggests a slowing in the pace of economic recovery in the area. The decline was the first for this measure in a year.

Williamsport

The Williamsport area economy had its best quarter in a long time last quarter but economic activity lagged behind 1979 levels.

Williamsport was the only metropolitan area in the state in which the seasonally adjusted level of total resident employment rose in the January-March quarter. The 0.7 percent increase brought this measure to a level 6.4 percent higher than the recession low registered in the first quarter of 1983 but kept it 3.7 percent below the 1979 average.

Northeast Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents				
Northeast metropolitan area	250.7	104.	105.	101.
Lackawanna County[2] only	89.2	104.	105.	101.
Luzerne County[3] only	134.3	104.	105.	101.
Unemployed, no. of residents				
Northeast metropolitan area	33.3	111.	121.	131.
Lackawanna County[2] only	10.7	99.	104.	119.
Luzerne County[3] only	18.8	115.	130.	135.
Civilian labor force, no. of residents				
Northeast metropolitan area	284.0	104.	107.	104.
Lackawanna County[2] only	99.9	103.	105.	102.
Luzerne County[3] only	153.1	105.	108.	104.
Local industries, Northeast metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	230.5	101.	101.	99.
Nonmfg. only, no. of jobs	166.4	105.	106.	105.
Mfg. only, no. of jobs	64.0	90.	88.	86.
Hrs. worked by production workers in mfg., *ave. weekly*	37.8	105.	104.	102.
Industrial electric power sales				
Northeast metropolitan area	***	105.	100.	95.
Lackawanna County[2] only	***	103.	99.	95.
Luzerne County[3]	***	101.	95.	90.
Hazleton	***	90.	86.	85.
Wilkes-Barre	***	107.	99.	86.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	21.6	– 19.	– 22.
Nonresidential contracts only	14.6	– 36.	+ 148.

[1]Lackawanna, Luzerne, and Monroe Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton

At the same time, the seasonally adjusted unemployment rate in the area declined to 11.6 percent from 12.9 percent in the fourth quarter of 1983 and from a recession high of 15.5 percent in the first half of last year.

Job gains were seen in both the manufacturing and nonmanufacturing sectors. The seasonally adjusted factory job level jumped 6.4 percent last quarter, bringing it to 9.5 percent above the recession low registered in the third quarter of 1983. However, it remained nearly 17 percent below the 1979 average.

The seasonally adjusted job level in the area's nonmanufacturing sector rose for the sixth consecutive quarter and stood at the 1979 average in the first quarter.

A big jump was also seen in the seasonally adjusted level of industrial electric power sales for the Williamsport area. The 7.9 percent increase followed a slight setback in the fourth quarter of last year and brought the level of sales to 6.4 percent below the 1979 average. Sales have increased 11.5 percent from the recession low in the final quarter of 1982.

Average weekly hours worked by production workers in manufacturing industries rose 0.6 of an hour after seasonal adjustment and stood just below the 1979 average.

Finally, construction activity slacked off a bit from the fourth quarter of last year but was up from levels in the same quarter a year ago.

Northwestern Quarter

Erie

Economic recovery in the Erie metropolitan area has been slow and may be even slower in the months to come. The seasonally adjusted levels of total resident employment and industrial electric power sales fell back slightly in the first quarter, following several quarters of increases.

Total resident employment dropped 0.5 percent last quarter after seasonal adjustment but was 4.3 percent above the recession low registered a year earlier. The employment level remained almost 7 percent below the 1979 average.

The seasonally adjusted level of industrial electric power sales in the area decreased for the first time on a quarterly basis since the end of 1982. Sales were 0.6 percent lower than the fourth-quarter-1983 level but were still 13.3 percent higher than the recession low registered during the fourth quarter of 1982. Nevertheless, electric power usage remained 22.7 percent below the 1979 average.

The job level in all nonfarm industries rose during the first quarter of 1984 after adjustment for usual seasonal variation. The increase was concentrated in the manufacturing industries: the seasonally adjusted factory job level during the quarter was 2.9 percent higher than in the fourth quarter of 1983 and 4.1 percent higher than in the first quarter of that year.

On the other hand, the seasonally adjusted nonmanufacturing job level fell for the second consecutive quarter. Employment in these industries was 0.6 percent lower during the quarter than during the final quarter of 1983. The job level was less than 1 percent higher than last year's recession low.

The seasonally adjusted average length of the factory workweek rose 0.9 of an hour in the January-March quarter. Production workers were putting in more hours a week than in any quarter since the first quarter of 1980.

The seasonally adjusted unemployment rate in the area was still in double digits in the first quarter of the year but was down to 10.8 percent from 12.6 percent in the fourth quarter of 1983 and a recession high of 16.7 percent in the first quarter of last year.

Commercial construction slacked off a bit during the first quarter and residential construction had only modest gains. However, the value of construction contracts for both types of buildings remained substantially above 1983 levels. The value of residential awards was 39 percent higher during the first quarter of 1984 than a year earlier while the value of nonresidential contracts increased nearly 137 percent from the first quarter of 1983.

Williamsport Area[1]

	Ave. mo. value 1 Q.'84	Average monthly index seas. adj. (1977 = 100) 1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	45.2	100.	99.	94.
Unemployed, no. of residents	6.8	134.	150.	174.
Civilian labor force, no. of residents	51.9	103.	104.	101.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	44.4	98.	95.	94.
Nonmfg. only, no. of jobs	29.7	107.	105.	103.
Mfg. only, no. of jobs	14.8	84.	80.	78.
Hrs. worked by production workers in mfg., *ave. weekly*	39.3	101.	99.	99.
Industrial electric power sales	***	98.	91.	88.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	1.8	−28.	+39.
Nonresidential contracts only	0.1	−96.	++

[1]Lycoming County

Sharon

The Sharon area economy remained mired down from the effects of the recession and the contraction in the steel industry.

There has been no improvement in the seasonally adjusted level of factory employment in the area. Almost 38 percent fewer workers were employed in Sharon's factories in the first quarter of this year than in 1979.

The decline in factory employment has had ripple effects on the area's nonmanufacturing sector. Last quarter's 1.4 percent increase in the seasonally adjusted number of nonmanufacturing jobs was the first rise in

Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	105.8	98.	99.	94.
Unemployed, no. of residents	14.4	146.	174.	229.
Civilian labor force, no. of residents	120.2	102.	104.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	103.8	95.	95.	93.
Nonmfg. only, no. of jobs	68.2	103.	104.	102.
Mfg. only, no. of jobs	35.0	83.	80.	79.
Hrs. worked by production workers in mfg., *ave. weekly*	41.4	101.	99.	97.
Industrial electric power sales	***	84.	85.	75.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	5.4	+ 4.	+ 39.
Nonresidential contracts only	9.7	−55.	+137.

[1]Erie County

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	42.4	90.	91.	89.
Unemployed, no. of residents	7.4	170.	188.	282.
Civilian labor force, no. of residents	49.8	97.	99.	104.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	38.9	88.	87.	89.
Nonmfg. only, no. of jobs	28.5	101.	100.	101.
Mfg. only, no. of jobs	10.5	65.	65.	67.
Industrial electric power sales	***	109.	109.	101.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	2.4	−63.	+50.
Nonresidential contracts only	3.3	+83.	+65.

[1]Mercer County

Altoona Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.6	94.	93.	90.
Unemployed, no. of residents	7.5	169.	180.	237.
Civilian labor force, no. of residents	54.1	99.	100.	100.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	45.1	91.	89.	88.
Nonmfg. only, no. of jobs	34.2	93.	92.	91.
Mfg. only, no. of jobs	10.9	86.	84.	82.
Hrs. worked by production workers in mfg., *ave. weekly*	38.6	102	103.	100.
Industrial electric power sales	***	85.	79.	76.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	2.6	− 26.	+ 37.
Nonresidential contracts only	3.9	+225.	+129.

[1]Blair County

this measure in a year and a half.

Total resident employment fell back 0.7 percent in the first quarter after seasonal adjustment. The measure was a small 1.2 percent above the recession low registered in the first quarter of 1983 and remained almost 13 percent below the level prevailing in 1979.

The seasonally adjusted unemployment rate fell to 13.4 percent from a quarterly high of 20.9 percent a year ago. However, the improvement in this measure masks the real extent of joblessness in the area. Many laid-off factory workers have given up looking for work and therefore are no longer counted in the ranks of the unemployed. Over the year, there has been a more than 7 percent drop in the area's civilian labor force.

Industrial electric power sales have leveled off at 8.3 percent below the quarterly high registered in the third quarter of 1981. Nevertheless, they have risen nearly 28 percent from the recession low in the third quarter of 1982.

Southwestern Quarter

Altoona

The Altoona area economy remained in the doldrums in the first quarter of the year, but improvements from recession lows were seen in all measures.

The seasonally adjusted unemployment rate was down to 12.1 percent from a fourth-quarter-1983 level of 13.2 percent and a high of 18.3 percent in the second quarter of 1983. Last quarter's rate was aided by a 3.8 percent decline over the last two quarters in the seasonally adjusted number of persons participating in the labor force.

The seasonally adjusted level of total resident employment in the area was unchanged from year end but was 4.3 percent higher than in the first quarter of 1983.

Both manufacturing and nonmanufacturing industries showed gains in employment after seasonal adjustment. The seasonally adjusted factory job level increased 2.8 percent from the fourth quarter of 1983 and was 4.7 percent above the recession low of a year ago. The nonmanufacturing job level increased a smaller 1.4 percent from a quarter earlier on a seasonally adjusted basis and was 2.3 percent above the recession low in the first quarter of 1983.

But seasonally adjusted job levels in both sectors were far below pre-recession levels: the factory job level was 14.5 percent below the 1979 average while the nonmanufacturing job level was 9.7 percent below its 1979 average.

The average length of the factory workweek decreased 0.4 of an hour last quarter for its first decline since the fourth quarter of 1982. Production workers were still working fewer hours than in 1979, leaving room for employers to increase production by increasing the time worked by hourly workers before increasing the work force.

An increase in the seasonally adjusted level of industrial electric power sales suggests improvements in business activity. Sales in the Altoona area were 7.5 percent higher than in the fourth quarter of 1983 and 16.8 percent higher than the recession low in the last quarter of 1982. However, electric power sales were still more than 20 percent lower than 1979 levels.

The area's construction industry picked up momentum from a year earlier. In the first quarter of this year, the value of residential building contract awards was 37 percent ahead of the last year's first-quarter value while the value of awards for commercial buildings more than doubled over the year.

Johnstown

After making some progress in the latter half of 1983, the Johnstown area economy appeared to be stalled in the first quarter of 1984.

The seasonally adjusted job level in all nonfarm industries fell 0.4 percent from a quarter earlier but remained 3.3 percent above the recession low registered in the second quarter of last year. The decline came from a 3.1 percent drop in the seasonally adjusted number of factory jobs; seasonally adjusted employment in the area's nonmanufacturing sector was unchanged from a quarter earlier.

Johnstown was the only metropolitan area in the state that experienced a more than seasonal loss of factory jobs in the first quarter. With the closing of the U.S. Steel plant, further factory job losses may occur in the second quarter. However, because many of the workers are already laid off, the impact of the closing on the number of unemployed may be minimal.

The average length of the factory workweek, which turns up before employment levels, was at its highest level since the fourth quarter of 1979, suggesting that other area factories may be hiring soon.

The Bethlehem Steel Corporation's electric furnace was operational in the first quarter, which brought the seasonally adjusted level of industrial electric power sales to its highest quarterly level ever. The 28.5 percent increase in sales last quarter was the fourth consecutive quarterly rise in this measure.

Overall, the area economy remained in the doldrums. Although the seasonally adjusted unemployment rate fell to 14.4 percent from a high of 23.3 percent in the first quarter of last year, it remained the highest among the metropolitan areas of the state. In addition, if there had not been a 5.4 percent drop in the seasonally adjusted civilian labor force — the sum of those working and those looking for work — the jobless figures would have been even worse.

Commercial building construction activity in the area remained at dismal levels in the January-March quarter. However, housing construction continued to increase.

Pittsburgh

The recovery in the Pittsburgh area so far has had very little impact on employment conditions. Employment in all nonfarm industries on a seasonally adjusted basis

Johnstown Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	82.8	87.	89.	83.
Unemployed, no. of residents	16.2	135.	152.	229.
Civilian labor force, no. of residents	99.1	92.	95.	97.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	73.3	85.	85.	83.
Nonmfg. only, no. of jobs	60.6	93.	93.	91.
Mfg. only, no. of jobs	12.3	59.	61.	57.
Hrs. worked by production workers in mfg., *ave. weekly*	38.3	99.	96.	89.
Industrial electric power sales	***	131.	102.	71.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.7	+64.	+94.
Nonresidential contracts only	1.8	+80.	−38.

[1]Cambria and Somerset Counties

Pittsburgh Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	860.1	97.	96.	95.
Unemployed, no. of residents	121.1	177.	200.	252.
Civilian labor force, no. of residents	981.2	102.	105.	105.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	845.6	94.	94.	94.
Nonmfg. only, no. of jobs	680.4	105.	104.	104.
Mfg. only, no. of jobs	164.4	67.	66.	68.
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	100.	100.	94.
Industrial electric power sales	***	79.	73.	58.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	75.8	− 8.	+47.
Nonresidential contracts only	111.1	+61.	+24.

[1]Allegheny, Beaver, Washington, and Westmoreland Counties

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'84	1 Q.'84	4 Q.'83	1 Q.'83
Employment *(in thousands)*				
Employed, no. of residents	46.7	114.	116.	109.
Unemployed, no. of residents	4.6	155.	184.	232.
Civilian labor force, no. of residents	51.3	116.	120.	116.
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salaried jobs	47.0	116.	116.	113.
Nonmfg. only, no. of jobs	39.2	115.	116.	113.
Mfg. only, no. of jobs	7.8	121.	117.	110.
Industrial electric power sales	***	103.	98.	86.

Construction contracts awarded *(in millions of dollars)*	Total 1 Q.'84	Percentage Change Quarter Ago	Year Ago
Residential contracts only	9.6	+41.	+88.
Nonresidential contracts only	4.1	+17.	++

[1]Centre County

continued to decline through the second quarter of 1983 and had risen a meager 0.4 percent by the first quarter of this year.

The seasonally adjusted job level in the area's factories remained nearly 35 percent below the level prevailing in 1979. Further losses are expected in the second quarter as the closings of several U.S. Steel plants are begun in April. But the losses should be minimal; most of the workers affected have already been laid off and are therefore already counted among the ranks of the unemployed.

Further ripple effects on the area's nonmanufacturing industries are also expected to be small. The seasonally adjusted job level in these industries remain 1 percent below their 1979 average.

Total resident employment in the first quarter fell a seasonally adjusted 1.4 percent in the area as it did in the state as a whole. This measure has increased 2 percent from the recession low reached in the first quarter of last year but is still almost 8 percent below pre-recession levels.

The seasonally adjusted unemployment rate fell to 11.4 percent in the January-March quarter from 12.5 percent in the fourth quarter of 1983 and from a recession high of 15.8 percent in the first quarter a year ago. However, the improvement in this statistic is largely due to the 3 percent decline in the civilian labor force over the year.

The only unqualified good news on the area's employment situation was another small increase in the average length of the factory workweek. Average weekly hours worked by production workers in the area's factories last quarter were at their highest level in three years.

Despite the dismal employment statistics, economic activity in the area has picked up from recession lows. The seasonally adjusted level of industrial electric power sales, which reflects short-run changes in industrial production, has risen 40 percent from the recession low in the fourth quarter of 1982. But the measure remains 26.1 percent below its 1979 average.

The value of contract construction awards for commercial buildings was up 24 percent from the level in the first quarter of 1983 but was lower than levels seen in the area in the first quarters of the previous three years — even before adjusting for inflation. Housing construction awards were above last year's first quarter awards in value but were below the high seen in 1979.

State College

The State College area economy continued to expand in the first quarter of the year. The seasonally adjusted level of jobs in all nonfarm industries registered a new high for the third quarter in a row, and the seasonally adjusted jobless rate fell to 8 percent — a full 4 percentage points below the quarterly high of the recession reached a year earlier.

However, a slowing in the expansion was evident in a 1.7 percent drop in the seasonally adjusted level of total resident employment and a slight 0.3 percent drop in the seasonally adjusted number of jobs in the area's nonmanufacturing sector. Despite the declines, both measures remained at historically high levels.

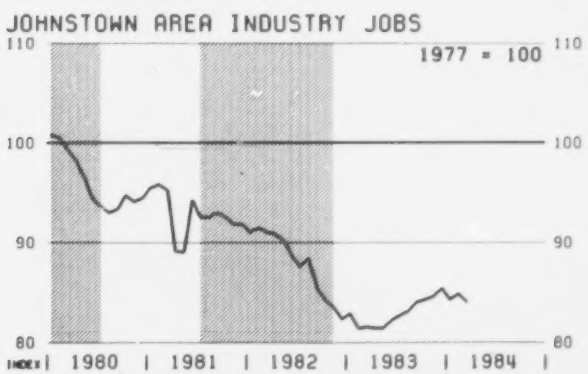
The factory job level increased 4 percent in the first quarter after seasonal adjustment. The State College and Reading areas had the greatest percentage increases in this measure over the year among the state's metropolitan areas. But the manufacturing sector is smaller in Centre County than in most other areas. In 1983, this sector accounted for less than 16 percent of all nonfarm industry jobs in the State College metropolitan area compared to 24 percent in the state as a whole.

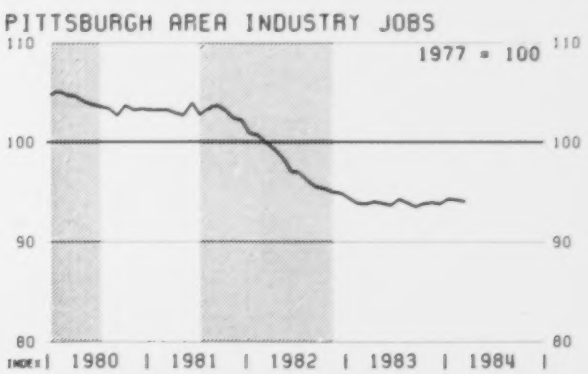
The area's construction industry recovered from a disastrous first quarter last year, with a strong showing this year in both housing and commercial building contract awards. Residential building contracts rose 41 percent in value from fourth quarter 1983 while nonresidential building contracts rose 17 percent.

Industrial electric power sales rose a seasonally adjusted 5.2 percent last quarter, which brought the measure above the 1979 average but kept it just below the all-time high registered in the second quarter of 1979.

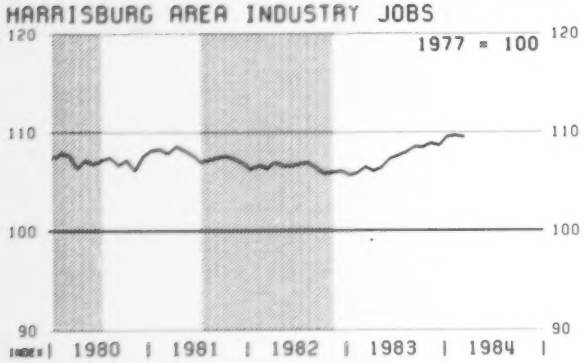
— Norma I. Gavin and Anita J. Katz

Area Graphs

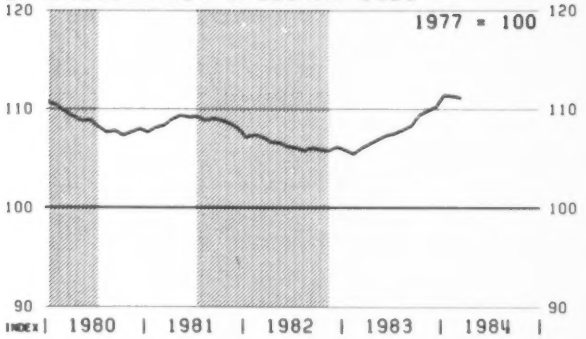




HARRISBURG AREA INDUSTRY JOBS



LANCASTER AREA INDUSTRY JOBS



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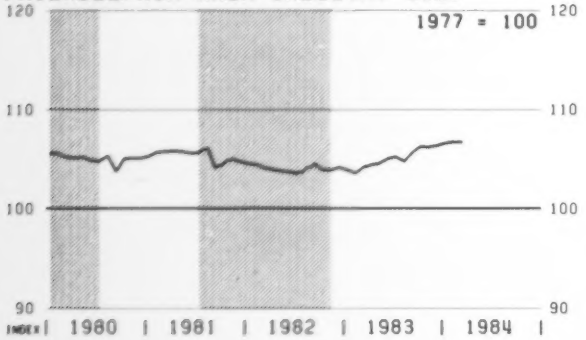
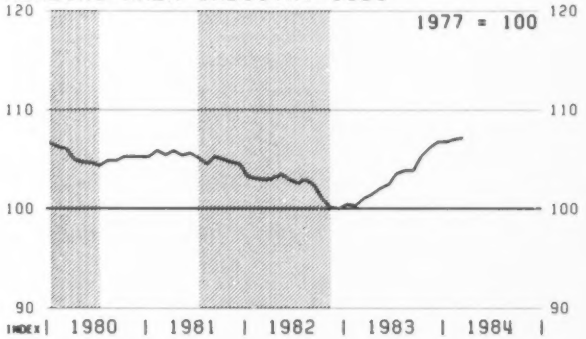
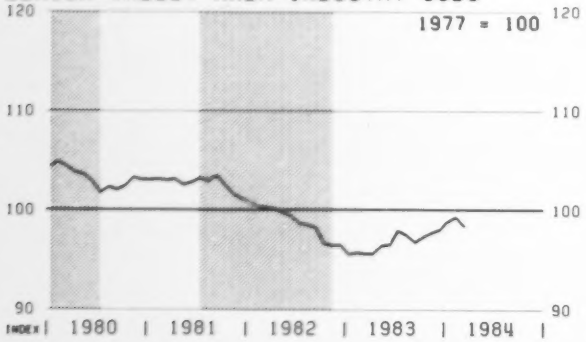


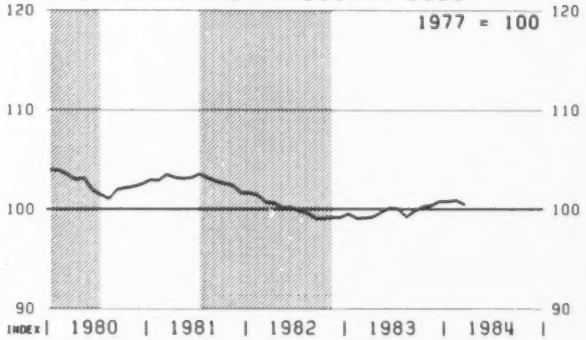
READING AREA INDUSTRY JOBS



LEHIGH VALLEY AREA INDUSTRY JOBS



NORTHEAST PA AREA INDUSTRY JOBS



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